

FINANCIAL POLICIES AND PROCEDURES MANUAL FOR THE WERNERSVILLE PUBLIC LIBRARY

Introduction

The board and staff of the Wernersville Public Library (WPL) are committed to ensuring the sound management of organizational assets in the interest of achieving the organization's mission.

The policies and procedures contained herein are intended to:

- Protect the assets of WPL
- Put in place basic accounting, billing, and cash control policies and procedures
- Ensure the maintenance of accurate records of WPL's financial activities
- Create a framework for operating standards and behavioral expectations
- Ensure compliance with all federal and state procedures and reporting requirements

The Library Director, working with the Bookkeeper and Board Treasurer, is responsible for administering these policies and ensuring compliance. Changes to these policies may be made by the Board of Trustees at any time. A full review of the policies should be conducted every two years. Every member of WPL's staff is expected to be familiar with and in compliance with these policies.

WPL's accounting policies and procedures are intended to be consistent with Generally Accepted Accounting Principles (GAAP). If this manual conflicts with specific federal or state regulation, or with other organizational policies that have been adopted or updated more recently, the regulations or more recent board policy shall prevail.

Ethics

WPL is committed to responsible stewardship of organizational resources. WPL will spend a reasonable percentage of its annual budget in pursuance of its mission and on administrative expenses to ensure effective accounting systems, internal controls, fundraising, competent staff, and other expenditures critical to professional management and organizational sustainability. WPL will not accumulate excessive operating funds but will maintain a responsible level of reserves to enable our organization to respond to trends and opportunities to better serve WPL's mission.

Members of the board and staff of WPL are committed to the following ethical practices:

- Acting in the best interest of WPL rather than on the basis of personal interests or the interests of third parties.
- Practicing sound financial management and compliance with legal and regulatory requirements.
- Employing financial systems to ensure that accurate financial records are kept and that financial resources are used to further WPL's mission.

- Creating and maintaining financial reports on a timely basis that accurately portray financial status and activities, provide timely internal financial statements, and explain any material variation between actual and budgeted revenues and expenses.
- Providing employees and others with a confidential means to report suspected financial impropriety or misuse of its resources.
- Having written financial policies governing use of its assets, internal control procedures, and purchasing practices.
- Complying with laws and regulations related to fundraising; licensing; financial accountability; human resources; lobbying and political advocacy; and taxation.
- Respecting the interests and intentions of its donors, volunteers, and the general public, and managing them with the highest level of professionalism and integrity.
- Using solicitation and promotional materials that are accurate and truthful and identify WPL, its mission, and its intended use of solicited funds accurately.
- Ensuring that contributions are used in accordance with donors' intentions and obtaining explicit consent before altering the intended use of a restricted gift.

Roles and Responsibilities / Authority

Board of Trustees

The Board of Trustees will assume responsibility for ensuring the financial health and sound management of organizational assets. The board will employ staff members who are capable of producing, analyzing, controlling, reporting, and interpreting financial information.

The Board of Trustees has the authority to execute any policies it determines to be in the best interest of WPL within the parameters of WPL's articles of incorporation, bylaws, or federal, state, and local law, and mission. The Board of Directors will approve the annual budget, the audit, and the Form 990. The board delegates administration of the financial policies to the Library Director, but reviews operations and activities regularly.

Board Treasurer

The Board Treasurer has the authority to choose the auditor, perform regular, in-depth reviews of WPL's financial activity, oversee or assist the development of the annual budget if requested by the Board of Trustees or Library Director, hire the Bookkeeper, and to sign checks or contracts in rare circumstances when the Bookkeeper or Library Director are not available.

Library Director

The Library Director has the authority to make spending decisions within the parameters of the approved budget, employ and terminate personnel, determine salary levels within the parameters of the approved budget, make decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority, enter into and contractual agreements, make fixed asset

purchase decisions, approve expenses and make decisions regarding their cost allocation. The Library Director will not sign checks or make bookkeeping entries other than to set up the budget to be approved by the Board of Trustees.

Bookkeeper

Bookkeeping and accounting services will be provided by a contracted individual or individuals, or employee hired only for this purpose. They will make bookkeeping entries, prepare and sign checks either physically or electronically for the payment of expenses, and perform the bank reconciliation. The Bookkeeper will not approve expenditures.

**Finance and/or Audit Committees of the Board of Trustees may be established at any time as they are needed, and given proper authorities.

Indemnity Policy

To the full extent permitted by applicable law, WPL may indemnify any past, present or future Trustee, Employee or Agent of against all costs, expenses and liabilities, including attorneys' fees, actually and necessarily incurred by or imposed upon them in connection with or resulting from their involvement with WPL.

No such reimbursement or indemnity shall relate to any expense incurred or settlement made in connection with any matter arising out of their negligence or misconduct as determined either by a court of competent jurisdiction or, in the absence of such a determination, by WPL acting on the advice of counsel.

WPL shall purchase and maintain insurance on behalf of any person, who is or was serving at the request of WPL as a Trustee or Library Director, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such.

Budgets

Budgets provide a standard by which to measure performance, encourage planning, and allocate resources in accordance with funding source requirements.

- Budgets should use reasonable assumptions of income and expenses. Budgets should be balanced, and should lead to the accumulation of reasonable reserves, which can be used to ensure cash flow over time.
- The Board of Trustees should be notified when cash reserves are below 3 months regular operating expenses.

- WPL’s budget is prepared by the Library Director, in consultation with the ad hoc Finance Committee with Board Treasurer, if one is needed, beginning no later than September of every year.

Procedures

- Budgets are approved the Board of Trustees for formal adoption.
- The Library Director will submit an annual organization budget to the Board of Trustees for their approval in December.

Budget Revisions

From time to time it will be necessary to deviate from the spending plans captured in organizational budgets.

- Non-budgeted expenditures that exceed \$5,000 will be recommended by the Library Director to the Board of Trustees for approval and to consider a formal revision of the approved annual budget.
- Expenditures that must be accommodated by shifting expenses from one budget line to another should prompt a discussion between the Library Director and Board of Trustees to justify the expense, how it will be financed, and how other budgeted expenses may be affected. The Board of Trustees may make final decision.
- Non-budgeted expenditures less than \$5,000 do not require discussion if they are approved by the Library Director.
- Within any budgeted expense category, expenditure changes that do not exceed the total budgeted amount are within the discretion of the Library Director. (For example, funds allocated to Summer Reading Programs may be redirected for other Program purposes as long as the total line item amount for Programs is not exceeded.)

Procedures

- The Board of Trustees may overturn the decision of the Library Director within their fiduciary responsibility for WPL.
- Instances of actual fraud or illegal activity are also covered by the WPL’s Whistleblower Protection Policy.

Financial Records and Reports

WPL will employ a regular process for assessing the status of organizational finances and assets. The Board of Trustees will ensure that timely and accurate financial information is available, understood, and used to guide decision-making.

- The fiscal year for WPL will be January 1 – December 31.
- The financial records of WPL will be maintained using the tax basis of accounting.
- Annual budgets will be prepared by the Library Director, in consultation with the ad hoc Finance Committee with Board Treasurer, if one is needed, and will be approved by the Board of Trustees.
- A Chart of Accounts will be used to code receipts and disbursements to the proper accounts to enable proper tracking.
- The Bookkeeper will reconcile the bank statement with bookkeeping records monthly.
- The Board Treasurer or Library Director will also review an original copy of the bank statement.
- At a minimum, the Bookkeeper will prepare the following monthly financial reports for review by the Library Director and Board Treasurer: General Ledger and Budget-to-Actual comparison.
- The Library Director will review a report on monthly journal entries (General Ledger) for reasonableness and accuracy.
- The Board Treasurer will make a monthly presentation on the above noted reports to the Board of Trustees.
- The Board of Trustees will review a Budget-to-Actual presentation at every meeting. Any budget variances above 10% will be explained at that time.
- The Board of Trustees will meet with the financial advisor at least annually for a review of the investment portfolio
- The Board of Trustees will review the auditor’s report and Form 990 annually.
- Every year, an audit or financial review will be conducted by an independent CPA, to be made available to members of the public as required by 22 Pa. Code § 131.32. Proof of eligibility.

Segregation of Duties

WPL is committed to sound internal controls that ensure segregation of duties to create accountability and prevent misuse of organizational assets. The most important of these include the following:

- There will be separation of financial duties and responsibilities so that no staff member has sole control over cash receipts, payroll, bank reconciliations, accounts payable or other accounting functions.
- The check signer will not be the same person who approves expenditures.
- Bank statements will be reviewed by at least one person in addition to the person performing the reconciliation.
- Bank deposits will be made by someone other than the person recording receipts.

Safeguarding Assets

The following policies will ensure the security of organizational resources:

- The Library Director shall have primary responsibility for ensuring that proper Financial Management procedures are maintained and that the policies of the Board of Trustees are carried out.
- The Board of Trustees will provide fiscal oversight in the safeguarding of WPL's assets and shall have primary responsibilities for ensuring that all internal and external financial reports fairly present its financial condition.
- A proper filing system will be maintained for all financial records.
- Actual income and expenditures will be compared to the budget on a monthly basis.
- All operating funds will be kept at an FDIC insured American bank institution, and all investment funds will be managed by an investment and wealth management firm.
- Any cash in excess of three months operating expenses will be kept in an interest bearing account or deposited with an investment and wealth management firm.
- No bank account should contain more than the FDIC insured amount.
- Bank statements will be promptly reconciled on a monthly basis by the Bookkeeper.
- The Board of Trustees shall approve annually any new signers for each bank account and any new and necessary bank accounts.
- The Board President, Board Treasurer, or Library Director is responsible for promptly notifying financial institutions of any changes to authorized signers on organizational accounts.
- Documents on all fixed assets will be kept in a locked file.
- Appropriate insurance for all assets will be maintained.

Procedures

- On a monthly basis, the Bookkeeper will reconcile the bank statements to the general ledger, and notify the Library Director of any discrepancies.
- The Library Director will resolve all discrepancies with the assistance of the Bookkeeper, and the bank, if necessary.
- Independently, the Board Treasurer will receive a copy of the monthly bank statement for review of reasonableness.

Funds Received / Receipts Policies

The following policies govern how funds received by WPL will be processed:

- In each office, mail is to be opened promptly and distributed by Library Director.
- All checks are stamped with a "For deposit only" stamp immediately upon receipt.
- All cash receipts are initialed and dated by the Library Director upon approval for payment.
- The Library Director will record all receipts in the donor database.
- The Library Director or Board Treasurer will be responsible for preparing the documentation on receipts for deposits and making deposits to the bank.

- The Bookkeeper will prepare the detailed cash listing to be posted to the general ledger (amount, date received, account number, etc.).
- This listing is compared to the cash journal to ensure all postings equal amounts deposited.
- A copy of the deposit slip from the Bank is compared and attached to the corresponding receipt copies and cash listing.

Procedures

- All checks and cash receipts received through the mail or in person are restrictively endorsed immediately by the Library Director. Any checks or cash receipts that are donations will also be recorded in the fundraising database maintained as a spreadsheet, listing the date received, payor, check #, and amount received.
- Check and cash receipts will be stored in a locked file cabinet for deposit.
- The Library Director or Board Treasurer shall prepare the bank deposit, attaching a copy of the deposit slip and deposit receipt to copies of the check receipts, and forward the entire package to the Bookkeeper.
- For gifts received online or by credit card, the Library Director will provide a written receipt of the transaction to the Bookkeeper to reconcile with the bank statement and for entry into the journal.
- The Library Director shall code all receipts according to the chart of accounts.
- The Bookkeeper posts the receipts journal to the general ledger monthly.

Accounts Payable and Fund Disbursement Policies

The following policies govern how funds disbursed by WPL will be approved and processed:

- The Library Director will approve expenditures within the parameters set by the annual operating budget as approved by the Board of Trustees. The Board Treasurer may approve expenditures in rare instances when the Library Director is not available.
- The Bookkeeper has single signature authority up to and including \$5,000 for the sole purpose of paying approved expenses. Checks above \$5,000 require a second signature. The Board Treasurer has signing authority in rare instances when the Bookkeeper is not available or when a second signature is required.
- The Library Director approves check requests and attaches requests to supporting documentation. The Bookkeeper prints the pre-numbered checks only with approved requests. The Bookkeeper compares information on checks to supporting documentation for accuracy and appropriateness before signing the checks.
- All disbursements, except petty cash, are made by check or credit card and are accompanied by substantiating documentation. Credit card statements will be reconciled to substantiating documentation monthly.

- All checks are pre-numbered and accounted for monthly. Check images are obtained from the bank for independent review conducted by the Board Treasurer.
- Blank checks are stored in a locked drawer.
- The Bookkeeper is responsible for invoices and check requests being marked "PAID" once they have been.
- The petty cash fund is reconciled (beginning amount less submitted and approved receipt amounts) before the fund is replenished. Checks are written only after an approved check request has been presented.
- Blank checks may never be signed in advance.
- Electronic banking allows wire transfers, electronic transfers, stop payments on checks, and account balance inquiries be initiated and completed. Wire transfers, electronic transfers, and stop payments cannot be set up and approved by the same person. The Library Director may approve a transaction that is to be completed by the Bookkeeper. The Bookkeeper is not allowed to set up a new online vendor; the Treasurer initiates all new vendor accounts online.

Procedures

- All invoices received are marked with the date received by the Library Director and placed in an unpaid open invoice file located in the Bookkeeper's inbox.
- The Library Director approves all invoices and expenditures and prepares check requests weekly.
- Check requests and support documentation are delivered to the Bookkeeper for check writing bi-weekly, or in the rare occurrence monthly.
- The Bookkeeper immediately records all disbursements in the accounts payable ledger.
- The Bookkeeper prepares all checks for the approved expenditures, using pre-numbered checks.
- The Bookkeeper reviews all checks and supporting documentation prior to signing checks. Any check for amounts over \$5,000 need a second signature. The Bookkeeper will be responsible for obtaining the second signature from an authorized signer.
- After the checks are signed, the Bookkeeper marks the check request and all supporting documentation as paid, noting check number and date. Either the Bookkeeper or the Library Director is responsible for mailing all checks.
- When online banking is used to pay vendors, the Bookkeeper marks the check request and all supporting documentation as paid, noting it was paid electronically and the date.

Petty Cash Fund

The following policies govern how the Petty Cash Fund will be managed:

- The Petty Cash Fund is maintained on an imprest basis, which means that the amount spent will be reimbursed.

- The Library Director will act as the custodian of the petty cash fund.
- The purpose of the Petty Cash Fund is to facilitate small purchases or reimbursements needed in the day-to-day operations of WPL, without going through the check writing process, or to provide change for an event requiring cash transactions.
- Petty cash disbursements are limited to \$50 in amount.
- Any advances to employees from the petty cash fund must be authorized by the Library Director in writing, a copy of which is kept in the petty cash drawer.

Procedures

- Any employee receiving petty cash must submit a receipt or request to the Library Director. The receipt or request must list the amount, the purpose for which the cash is needed, and the date of the purchase.
- The Library Director must submit the approved receipt or request for reimbursement paid out of the petty cash fund to the Bookkeeper.
- Periodically, the Board Treasurer will make surprise counts of the petty cash funds.
- The petty cash fund will be kept in a locked file cabinet

Payroll

The following policies govern how payment of all employees will be processed:

- Personnel files will be maintained at WPL's office for all employees in a locked file cabinet. Access is limited to the Library Director and may be accessed by an employee's supervisor upon request.
- Personnel files will include at minimum: employment application/resume, dates of employment, letter of hire, job description, salary and salary changes, authorization of payroll deductions, W-4 withholding information, I-9 employment eligibility form, performance reviews and/or disciplinary action, and termination data, when applicable.
- Changes in payroll data will be approved by the Library Director before files are updated.
- An outside payroll processing firm will be used to process the payroll and ensure compliance with all applicable laws.
- Payroll will be processed once per month.
- The Library Director will notify the payroll service of any changes to the payroll master file.
- The payroll service will generate the payroll register, payroll checks and tax deposit checks, and sends them to WPL.
- The Library Director reviews the payroll register for proper processing of amounts.

Procedures

- All personnel salaries/wage rates are authorized by the Library Director and/or the Board of Trustees.

- The Library Director maintains all personnel records.
- The Library Director monitors the usage of vacation and sick time, and maintains the attendance records.
- The Library Director shall prepare the payroll, using the approved time records and salary/wage rates for each employee, and transmitted to the payroll service for processing.
- Payroll is recorded in the bookkeeping system by the Bookkeeper.
- An electronic transfer of funds to cover payroll is made to the payroll service by WPL's bank at the request of the payroll service.
- The payroll service prepares checks to vendors for employee deductions such as contributions to 403(b) accounts, garnishments, and donations.
- Paychecks are directly deposited to the employees' bank accounts. Employees receive duplicate vouchers that detail all deductions through an online portal.
- All payroll taxes are paid when due by the payroll service.
- The Bookkeeper verifies the payments at the end of each month by analyzing the payroll service reports and the bank reconciliation statement.

Purchasing

The following policies govern how purchasing decisions will be made:

- Except in the event of extenuating circumstances where the Library Director is unavailable, only the Library Director is authorized to make purchasing decisions for regular supplies and large equipment, including furniture, computers, and software. In this section, extenuating circumstances may include illness, family issues and/or any other circumstances where the Library Director is unavailable for a period of time and the purchasing decision can no longer be delayed. In these circumstances, the Board President, in consultation with the other Board members, shall be allowed to make purchasing decisions in the absence of the Library Director.
- Some form of cost or price analysis shall be made in connection with every procurement action.
- Price should be one of the factors in the evaluation of responses, but WPL is not required to take the lowest price if other factors are important to the decision. Environmental and sustainability factors should also be considered.
- When WPL receives funds from a government grant in the form of a reimbursement, WPL will initially charge grant expenditures to nongrant funds following the procedures set forth under Accounts Payable and Fund Disbursement Policies above.
- When WPL receives advance payments from a government grant, it must minimize the time elapsing between the transfer of funds to WPL and the expenditure of those funds on allowable costs of the applicable government program. WPL shall attempt to expend all advances of these funds within one month of receipt of funds.

Bid and Procurement

The following policies govern how purchasing decisions will be made:

- Bids should be sought for goods and services exceeding \$5,000.
- No employee, trustee, volunteer, or agent of WPL shall participate in the selection, award or administration of a bid or contract supported by Federal funds if a conflict of interest is real or apparent to a reasonable person.
- Conflicts of interest may arise when any employee, trustee, volunteer, or agent of WPL has a financial, family, or any other beneficial interest in the vendor firm selected or considered for an award.
- No employee, trustee, volunteer or agent of WPL shall do business with, award contracts to, or show favoritism toward a member of his/her immediate family, spouse's family or to any company, vendor or concern who either employs or has any relationship to a family member; or award a contract or bid which violates the spirit or intent of Federal, State and local procurement laws and policies established to maximize free and open competition among qualified vendors.
- WPL's employees, trustees, volunteers, or agents shall neither solicit nor accept personal gratuities, gifts, consulting fees, trips, favors or anything having a monetary value from a vendor, potential vendor, or from the family or employees of a vendor, potential vendor or bidder; or from any party to a sub-agreement or ancillary contract.
- As permitted by law, rule, policy, or regulation, WPL shall pursue appropriate legal, administrative or disciplinary action against an employee, trustee, volunteer, vendor, or vendor's agent who is alleged to have committed, has been convicted of, or pled no contest to a procurement related infraction. If said person has been convicted, disciplined, or pled no contest to a procurement violation, said person shall be removed from any further responsibility or involvement with grants management, procurement actions or bids, consistent with State or Federal policy.
- For procurements that exceed the Federal or State "small purchase" threshold or \$50,000, whichever is less, competitive bids will be utilized and requests for these bids will be written in a way that does not restrict competition. (A clear and accurate description of the technical requirements for the material, product or service to be procured; all requirements which offerors must fulfill; and all other factors to be used in evaluating bids or proposals.
- Procurement files must include the following:
 - Basis for contractor selection
 - Justification for lack of competition when competitive bids or offers were not obtained.
 - Basis of award cost or price.
- Whenever possible, WPL must engage in affirmative efforts to utilize small local businesses, minority owned firms, and women's business enterprises.
- Price should be one of the factors in the evaluation of responses, but WPL is not required to take the lowest price if other factors are important to the decision. Environmental and sustainability factors should also be considered.

- At a minimum, procurement records must clearly show how WPL executed price sampling for small purchases; selected the method of procurement and the type of contract to be used; determined which bids or proposals to accept and which to reject; and determined the basis for the contract cost or price.
- WPL has an overall system of contract administration to ensure proper oversight and management of procurement actions. WPL is responsible for evaluating contractor performance and documenting, as appropriate, whether contractors have met the terms, conditions and specifications of the contract. This may include progress inspections, interim products, inspection of goods delivered, and other such methods that provide assurance that the goods or services purchased are being delivered within the scope of the contract. WPL's contract administration system must ensure that:
 - The method of procurement is documented and records maintained for five years after final payment is made;
 - All activities are carried out and costs are incurred in compliance with applicable requirements; and
 - Before payment is made, services performed are adequate and consistent with the contract scope of services.

Organizational Credit Cards

WPL authorizes credit cards for the purpose of facilitating online and business purchases, including business travel that is not easily handled through normal disbursement processing. The use of organizational credit cards creates the opportunity for expenditures to be made without prior approval. The following policies govern how these transactions will be handled:

- Due to the potential for theft, misuse, and auditing problems, use of credit cards is monitored carefully. Only the Library Director, Board President, and Board Treasurer will be issued an organizational credit card. Other staff may request that purchases be made for business purposes on their behalf using one of these cards.
- In every instance of credit card usage, the individual using the card will be held personally responsible in the event that the charge is deemed personal or unauthorized.
- All credit card purchases must be reconciled and attached to supporting documentation on a monthly basis.
- The holder of each organization credit card will review all credit card purchase on their assigned card monthly, and attach receipts of purchase to the credit card statement before submitting for payment to the Library Director, who will in turn approve and submit for payment to the Bookkeeper.
- The Bookkeeper will enter all credit card transactions into the accounting software monthly.
- Misuse of credit cards or failure to follow these procedures will lead to restrictions or loss of credit card privileges.
- The Library Director must be notified immediately if a card is lost or stolen.

Vendor and Contractual Agreements and Leases

The following policies govern how decisions to enter into agreements with vendors or contractors or leases will be conducted:

- Only Library Director or a member of the Board of Trustees may sign a contractual or vendor agreement or lease.
- The Library Director will maintain a secure file of all vendor, contractor, contract, and lease agreements according to the document retention policy.
- All contractors receiving, or expecting to receive, \$600 or more in in a calendar year from WPL must submit an IRS Form W-9 Request for Tax Payer Identification and Certification or equivalent prior to payment.
- A determination is made by the Bookkeeper on the need to file an annual IRS Form 1099-Misc. on payments made to contractors.

Gift Acceptance Policy

The following policies govern how nonstandard gifts will be handled:

- WPL solicits and accepts gifts that are consistent with its mission.
- Donations will generally be accepted from individuals, partnerships, corporations, foundations, government agencies, or other entities, without limitations.
- In the course of its regular fundraising activities, WPL will accept donations of cash, marketable securities, bequests, life insurance policies, commercial annuities, retirement plans, and in-kind services.
- Certain types of gifts must be reviewed prior to acceptance due to the special liabilities they may pose. Examples of gifts that may be subject to review include gifts of real property, gifts of personal property, and gifts of securities.
- All decisions to solicit and/or accept potentially controversial gifts will be made by the Board of Trustees in consultation with the Library Director. The primary consideration will be the impact of the gift on WPL.
- WPL will not accept gifts that (a) would result in violating its corporate charter, (b) would result in losing its status as an IRC § 501(c)(3) not-for-profit organization, (c) are too difficult or too expensive to administer in relation to their value, (d) would result in any unacceptable consequences, or (e) are for purposes outside WPL's mission.

Fixed and Capital Assets and Depreciation

The following policies govern how fixed and capital assets will be treated:

- WPL has established a capitalization threshold of \$1,000 for property expected to benefit the operations of WPL for multiple years to be considered a fixed asset.
- Property purchased meeting the fixed asset definition is tagged with a pre-numbered asset tag and added to the list of assets maintained by the Library Director.
- This inventory list will include the description, serial or model numbers, asset number, date of purchase or receipt, date of installation, cost including taxes, and life expectancy for depreciation purposes if available. A copy of the invoice(s) should be maintained with these asset records until asset is sold or deleted.
- WPL strives to maintain liquid assets sufficient to cover six months of general expenditures. The operating checking account is not to exceed three months' worth of general expenditures. Financial assets in excess of daily cash requirements are invested in a savings account, short term and long term investments.
- WPL will maintain a separate investment account. \$225,000 of these unrestricted investment funds were donated to the library and are not intended to be used for operating expenses. However, each year the investment income and gains may be transferred into the operating account per the annual budget.

Procedures

- Up to three months' worth of general expenditures will be kept in the operating checking account held at an FDIC insured American bank institution.
- A transfer of money from the operating checking to the savings account at an FDIC insured American bank institution shall be made when the operating checking account balance is within a specified dollar variance prescribed by insurance carrier to meet the theft coverage threshold.
- The FDIC insured American bank institution's savings account shall hold up to three months' worth of general expenditures.
- A transfer to the investment and wealth management firm's investment account shall be made when the amount is within a specified dollar variance prescribed by insurance carrier to meet the theft coverage threshold.
- When the Library receives a single donation over \$10,000, the board will discuss and vote on the designation of the funds.
- The WPL Board meets with the investment and wealth management firm's financial advisor at least one time a year to review the performance of the investment accounts and ensure that the funds are diversified.

Security and Computer Controls

The following policies govern the security procedures that will be taken to ensure the safety of physical and electronic records:

- The Bookkeeper is responsible for inputting the financial data into the computer and bookkeeping software for generating financial reports. Only the Library Director and Bookkeeper will have access to the password required make changes the system; however, the Library Director will only have access to review or print information from the system, without making changes.
- Batch totals are calculated prior to input and compared to batch totals calculated by the system. Any errors made during the inputting of information will be corrected.
- Detailed printouts of cash receipts and cash disbursements are to be obtained. The Library Director is responsible for comparing the detailed printouts to source documents for accuracy.
- All subsidiary account balances are reconciled to the control accounts monthly.
- A trial balance on the general ledger totals should be obtained and compared to detailed reports for accuracy of balances.
- Access to computer or on-line systems for accounting, personnel, payroll, and online and phone banking is controlled by the Library Director. Within each system, access permission is set to allow the appropriate level of access depending on staff positions and job duties.
- The Bookkeeper will perform a backup of electronic records on a monthly basis to assure that data is secure and will not be lost in the event of a computer failure.
- All organizational offices will be kept locked when not in use. Only the Library Director and Bookkeeper will have office keys.
- All confidential and financial information will be kept in locked files, including personnel files, financial records, invoices or expenses to be paid, cash or gifts to be deposited, fixed asset listings, and petty cash funds.

External Audit

- WPL will have an audit or financial review conducted by an independent CPA, to be made available to members of the public, as required by 22 Pa. Code § 131.32. Proof of eligibility.
- The selected auditing firm will not be used for non-auditing services except tax form preparation.
- At least every three years, no more than six years, a Request for Proposal will be sent to audit firms qualified to provide the type of audit that meets WPL needs.
- The Library Director is responsible for soliciting bids, interviewing firms, and making the recommendation to the Board Treasurer and Board of Trustees when selecting the firm to be awarded the audit contract. Acceptance of the audit contract will be evidenced by a signed audit engagement letter.
- The audit is reviewed in detail by the Treasurer, and presented to the Board of Trustees.

IRS Form 990 Preparation

- An external CPA firm or individual will prepare WPL's annual Form 990 for submission to the IRS to ensure accuracy.
- The Library Director and Board Treasurer will oversee preparation of the form, with the Bookkeeper.
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- The Board of Trustees will review and approve the form before submission to the IRS.

Risk Management

- WPL will insure those risks which the Board of Trustees deems appropriate using an insurance professional who is knowledgeable about the market, who understands or is willing to learn about WPL's operations, is an assertive advocate for WPL's interests, and is organized and responsive to WPL's needs.
- The Library Director will approve purchase of insurance policies, as directed by the Board of Trustees.
- The Board of Trustees will review insurance policies and needs annually in September.

Approved 2/27/2021

Reviewed 6/11/2024

APPENDIX A

SUBSTANTIATING DOCUMENTATION / RECEIPTS POLICY AND PROCESS

Employees should submit expenses no later than one month from the date of the expense. Notify the Library Director immediately if there are large expenses that are more than one month old that have not been submitted.

Employees are responsible for collecting receipts for all expenses and credit card charges throughout the week in a file. Collected receipts should be used to complete the request for reimbursement. All requests are submitted to the Library Director for approval of payment.

Expenses / receipts over \$50

Employees must physically submit original receipts for expenses over \$50.

A copy should be made and retained by the employee.

A hard copy of the check request/expense reimbursement, with the original receipts attached, should be submitted in person to the Library Director.

Expenses / receipts under \$50

Employees must submit original receipts for expenses under \$50.

Expense reimbursement requests may be submitted electronically to the Library Director.

Approved 2/27/2021

APPENDIX A

EMPLOYEE TRAVEL REIMBURSEMENT POLICY

Mileage

WPL will reimburse mileage at a rate as set by the Internal Revenue Service for the year travel occurs (see <https://www.irs.gov/tax-professionals/standard-mileage-rates>). Employees should make an effort to carpool with other employees, volunteers, or allies whenever practicable to minimize mileage expenses.

Mileage is reimbursed for legitimate business-related travel by personal vehicle, excluding travel between home and office. All mileage expenses should be calculated from WPL and not from your home, even if you left from your home for the trip, unless the distance you traveled from your home is actually less than the distance from your office, in which case you would use the actual miles traveled. (Note: If your trip is on the way to the office and you were headed to the office anyway, it's not reimbursable.)

Buses and local transportation

When traveling, employees should attempt to take public transportation or ride share or get a ride from other staff at the same travel destination whenever practicable. Taking a private ride share or taxi is should be done only when other solutions are not practical.

Airfare

Employees should generally seek the lowest cost airfare that reasonably allows them to reach their destination efficiently.

Overnight Accommodations

Some employees' job descriptions require occasional overnight travel, and a few require frequent travel. For occasional travelers, accommodations should be sought with colleagues, allies, or friends to reduce costs for hotels, particularly for in-state travel. Employees must seek prior approval from the Library Director, or if the Library Director then the Board of Trustees, before scheduling any overnight travel that requires paid accommodations.

For frequent travelers, or when paid accommodations have been approved in advance, employees should generally select a low or average cost hotel or AirBnB.

Meals

Employees may reimburse for actual meal expenses, with receipts, up to a daily maximum not to exceed 80% of the federal per diem rate for the location (see <http://www.gsa.gov/portal/category/21287>) when bringing a meal would not be practical.

For partial travel days when it becomes necessary to determine the reimbursement amount for individual meals (from the per diem rate), the following calculations should be used, rounded to the nearest dollar:

- The breakfast portion is 20% of the set daily per diem.
- The lunch portion is 24% of the set daily per diem.
- The dinner portion is 51% of the set daily per diem.

Employees are not to pay for meals for volunteers or donors, except when unavoidable or with prior approval of Library Director, or if the Library Director then the Board of Trustees.

Any deviations from this policy require approval Library Director, or if the Library Director then the Board of Trustees, prior to reimbursement.

Reviewed 6/11/2024

APPENDIX C

CONFLICT OF INTEREST POLICY

Article 1 – Purpose

The purpose of the conflict of interest policy is to protect Wernersville Public Library (“the Organization”) interest when it is contemplating entering into a contract, transaction or arrangement that might benefit the private interest of an employee, independent contractor, trustee of the Organization, or might result in a possible excess benefit transaction under the Internal Revenue Code. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Article 2 - Definitions

1. Interested Person

Any employee, independent contractor, trustee, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, profession, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a contract, transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a contract, transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a contract, transaction or arrangement.

3. Compensation

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

4. Conflict of Interest

A conflict of interest exists when the interests of an interested person have the potential to be at odds with the best interests of the Organization. The interested person’s interests may be personal (for example, the consideration of a family member for employment) or professional (such as affiliation with a potential supplier to the association). A financial interest is not necessarily a conflict of interest. Under Article 4, Section 3, a person who has a financial interest may have a conflict of interest only if the appropriate governing board, committee or decision maker decides that a conflict of interest exists.

Article 3 - General Principles

1. Interests in conflict

Interested persons may have interests in conflict with those of the Organization. The duty of loyalty requires that trustee or employee be conscious of the potential for such conflicts at all times and act with candor and care in dealing with such situations. Conflicts of interest involving an interested person are not inherently illegal, nor are they to be regarded as a reflection on the integrity of the interested person, Board of Trustees, or the Organization. It is the manner in which the interested person, and those making decisions for the Organization, deal with a disclosed conflict, that determines the propriety of the transaction.

2. Awareness and disclosure

An interested person should be sensitive to any interest he or she may have any decision to be made and, as far as possible, recognize such interest prior to the discussion or presentation of such a matter before the Board of Trustees or other decision making entity or person. When an interested person has an interest in a transaction being considered, the interested person should disclose the conflict at the earliest time practical before a decision is made on the matter. Upon disclosure by the interested person, the decision making entity or person should provide a disinterested review of the matter as described in this policy.

3. Insider transactions

Sometimes, the Organization may decide to choose to deal with an inside supplier of goods or services (i.e., involving an interested person) because of familiarity with the supplier's reliability or for another reason. Although such association with an interested person or their business or family in providing services may result in extra benefits for the Organization, the record of the decision must show that the best interests of the Organization were the overriding consideration in deciding to use such a supplier.

Article 4 - Applicability and Procedures

1. Applicability

In the case of interested persons who are employees or independent contractors, the same procedures described below as to trustees and committee members apply, except it is the Library Director to whom disclosure must be made, and who must deal with the disclosed conflict, not the trustees and members of committees with governing board delegated powers. The Library Director, when appropriate, shall then make such disclosures of the conflict that are proper to the trustees and members of committees.

2. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the trustees and members of committees with governing board delegated powers considering the proposed

transaction or arrangement. The officer presiding over the meeting has a duty and is expected to make inquiry if any such conflict appears to exist and the affected board member has not made it known.

3. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall first decide if a conflict of interest exists, and if one does exist, the rest of this article applies. If a conflict does not exist, the interested person shall resume normal participation in the meeting.

4. Procedures for Addressing the Conflict of Interest

The remaining board or committee members shall follow the following procedures if a conflict of interest exists:

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested trustees whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

5. Violations of the Conflicts of Interest Policy

If a member of the Board of Trustees or committee suspects a violations of the Conflicts of Interest Policy, he or she must bring the matter to the attention to the board or committee, which shall deal with it as follows:

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to

disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article 5 - Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article 6 - Compensation

The following policies apply to compensation-related matters:

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article 7 - Annual Disclosure Statements

Each employee, independent contractor, trustee, and member of a committee with governing board delegated powers shall annually sign and any potential trustee before election shall sign a statement that affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article 8 - Periodic Reviews

The Library Director and/or the Board of Trustees shall from time to time, as it deems reasonably appropriate, conduct periodic reviews to determine the following:

- a. Whether all compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether disclosure statements are being properly used; partnerships, joint ventures, and financial arrangements with interested persons conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article 9 - Use of Outside Experts

When conducting the periodic reviews as provided for in Article 8, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Approved 2/27/2021

Reviewed 1/9/2024

APPENDIX D

DOCUMENT RETENTION AND DESTRUCTION POLICY

The Wernersville Public Library shall retain records for the period of their immediate or current use, unless longer retention is necessary for historical reference or to comply with contractual or legal requirements. Records and documents outlined in this policy includes paper, and electronic files, regardless of where the document is stored, including network servers, desktop or laptop computers and handheld computers.

In accordance with 18 U.S.C. Section 1519 and the Sarbanes-Oxley Act, the Wernersville Public Library shall not knowingly destroy a document with the intent to obstruct or influence an investigation.

In order to eliminate accidental or innocent destruction, the Wernersville Public Library has the following document retention requirements:

Personnel			
Employment applications	3 years		
Payroll records and summaries		7 years	
Disability and sick benefits records		7 years	
Personnel files (terminated)		7 years	
Withholding tax statements (W2's, etc.)		7 years	
Corporate			
Minutes, Bylaws, Charter			permanent
Contracts and agreements			permanent
IRS determinations 501(c)(3)status			permanent
Financial			
Bank statements, Reconciliations, Deposit Slips		7 years	
Accounts Payable (bill receipts)		7 years	
Treasurer's reports			permanent
General journals			permanent
Professional Audits			permanent
Year End Financial Statements (annual report)			permanent

Insurance			
Policies (expired) (workman's comp.)	3 years		
Accident/Incident reports		7 years	
Group disability records		7 years	
Safety reports		7 years	
Claims (after settlement)		7 years	
Library Reports			
Request for Reconsideration		7 years	
Director's Reports		7 years	
Reports to Berks County Public Libraries		7 years	
Library Annual Report for Public			permanent
PA Annual Reports			permanent

In addition to the above, the Wernersville Public Library will manage documents, their retention and destruction, as follows:

1. Electronic Documents and Records.

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an e-mail message, the message should be printed in hard copy and kept in the appropriate file or moved to an "archive" computer file folder. Backup and recovery methods will be tested on a regular basis.

2. Emergency Planning

Wernersville Public Library's records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping Wernersville Public Library operating in an emergency will be kept in a physical file cabinet and, when available electronically, an incremental backup will occur daily and full back up every two weeks.

3. Document Destruction

The Library Director is responsible for the ongoing process of identifying its records which have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

4. Compliance

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against Wernersville Public Library and its employees and possible disciplinary action against responsible individuals. The Library Director and Board of Trustees will periodically review these procedures with legal counsel when available or Wernersville Public Library's certified public accountant to ensure that they are in compliance with new or revised regulations.

Revised 3/13/2013

Revised 2/27/2021

APPENDIX E

EMPLOYEE PROTECTION (WHISTLEBLOWER) POLICY

If any employee reasonably believes that some policy, practice, or activity of the Wernersville Public Library is in violation of the law, a written complaint must be filed by that employee with the Library Director or the Board President.

It is the intent of the Wernersville Public Library to adhere to all laws and regulations that apply to the organization. The underlying purpose of this policy is to support the goal of legal compliance. The support of all employees is necessary to achieving compliance with various laws and regulations. An employee is protected from retaliation only if the employee brings the alleged unlawful activity, policy, or practice to the attention of the Wernersville Public Library and provides the Wernersville Public Library with a reasonable opportunity to investigate and correct the alleged unlawful activity. The protection described below is only available to employees that comply with this requirement.

The Wernersville Public Library will not retaliate against any employee who in good faith, has made a protest or raised a complaint against some practice of the Wernersville Public Library, or of another individual or entity with whom the Wernersville Public Library has a business relationship, on the basis of a reasonable belief that the practice is in violation of law or a clear mandate of public policy.

Confidentiality will be maintained to the extent practical and appropriate under the circumstances. If an investigation reveals that unlawful conduct has taken place, appropriate disciplinary action will be taken, up to and including suspension or discharge of an employee should the protest or complaint involve one and be warranted. Confidentiality applies even if an investigation proves that there has been no unlawful activity involving Wernersville Public Library or any of its employees.

The employee who has reported or caused to be reported a violation or unsafe condition or practice to a public body must first bring the alleged violation, condition or practice to the attention of the Library Director or the Board President in writing, and must allow Wernersville Public Library a reasonable opportunity to correct that violation, condition or practice, unless the employee has specific reasons to believe that a report to Wernersville Public Library will not result in a prompt correction of the violation, condition or practice. Any action considered to be discriminatory or retaliatory should be reported immediately to the Library Director, or if involving the Library Director then the Board President. Wernersville Public Library will not tolerate discrimination or retaliation against the complainant by any employee and will subject such employee to discipline, up to and including suspension or discharge from employment. Employees who are not themselves complainants, but who assist in an investigation relating to unlawful activity, will also be protected from discrimination and retaliation.

Revised 3/13/2013

Reviewed 6/11/2024